

**CAMPBELL TOWNSHIP**

**Ionia County, Michigan**

**Financial Statements**

**And**

**Independent Auditor's Report**

**For the Year ended March 31, 2006**

## Auditing Procedures Report

Issued under P.A. 2 of 1966, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name CAMPBELL TOWNSHIP	County IONIA
Fiscal Year End MARCH 31, 2006	Opinion Date AUGUST 31, 2006	Date Audit Report Submitted to State SEPTEMBER 28, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) LAWRENCE TIEJEMA, PC		Telephone Number 616-642-0384	
Street Address 1187 HAWLEY HIGHWAY		City SARANAC	State MI
Zip 48881			
Authorizing CPA Signature 	Printed Name Lawrence Tiejema	License Number 1101026843	

# CAMPBELL TOWNSHIP

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**Lawrence Tiejema, PC**

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**INDEPENDENT AUDITOR'S REPORT**

August 31, 2006

The Township Board  
Campbell Township  
Ionia County, Michigan

I have audited the accompanying financial statements of the governmental activities, business-type activities, and the aggregate remaining fund information of Campbell Township, Ionia County, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express opinions on these financial statements based on my audit.

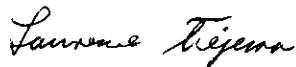
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and the aggregate remaining fund information of Campbell Township, as of March 31, 2006, and the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated August 31, 2006, on my consideration of Campbell Township's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages 3 to 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Campbell Township's basic financial statements. The governmental schedules have been subjected to auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.



Lawrence Tiejema, PC.

August 31, 2006

## **Management Discussion and Analysis**

Campbell Township provided essential services and proceeded with the development of the township park without dipping into its financial reserves. Below are listed some of the significant financial highlights for year ended March 31, 2006.

### **Financial Highlights**

- (1) The fund balance of governmental funds increased \$26,702, going from \$553,773 to \$580,475. Of this fund balance, the fire truck reserve is \$102,050 and the cemetery reserve is \$21,685. This leaves an unrestricted fund balance of \$456,740. At the current yearly expenditure rate of \$300,000, Campbell could operate for 18 months without any additional revenue.
- (2) The Township authorized the construction of a picnic shelter in the township park in May of 2005. The park was completed in the following summer at a cost of \$26,489.
- (3) The Township increased its investment earnings from \$7,269 the prior year to \$10,157 in the year ended March 31, 2006. The interest on the sinking fund increased from 1.75% to 4.5%, and the emergency service CD investments increased from an average interest rate of 2.47% to 3.33%.
- (4) The Township invested \$72,550 into the maintenance of township roads during the year ended March 31, 2006, in the following way: Gravel/grading, \$47,177; Brine, \$21,560; and Culvert repair, \$3,813.
- (5) The Township spent \$73,289 for the maintenance of the Campbell Fire Department in the year ended March 31, 2006. However, when depreciation expense of the fire equipment is included, the total fire department cost increased to \$108,051. The department is financed with a 1.5 mill levy for 6 years approved by the voters in 2004. For the year ended March 31, 2006, the millage levy brought in \$79,857.27.
- (6) The Township splits its insurance costs between the General Fund and the Emergency Services Fund. For the year ended March 31, 2006, the emergency services share was \$9,589 while the general fund's share was \$6,392.

## **Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the government-wide statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, recreation and cultural, and cemetery. The business-type activity of the Township is the sewer fund. The government-wide financial statements may be found on pages 10-12.

**Fund financial statements.** A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. (All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds).

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township adopts an annual appropriated budget. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets. The basic governmental fund financial statements can be found on pages 13 and 14 of this report.

**Proprietary funds.** The township maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its sewer system operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 13 and 14 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Campbell Township has one fiduciary fund, the tax agency fund. The basic fiduciary fund statements for the tax agency fund can be found on page 17 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 18-29 of this report.



## Campbell Township's Net Assets

March 31, 2006

	Governmental Activities	Business-type Activity	Total
Current and other assets	581,574	77,494	659,068
Capital assets	698,809		698,809
Total assets	1,280,383	77,494	1,357,877
Long-term liabilities outstanding	-		
Other liabilities	1,099		1,099
Total liabilities	1,099	0	1,099
Net assets:			
Invested in capital assets, net			
of related debt	698,809		698,809
Restricted assets	123,735	77,494	201,229
Unrestricted assets	456,740		456,740
Total net assets	1,279,284	77,494	1,356,778

The governmental activities consist of the General Fund and Emergency Services Fund. The General Fund provides for township administration, elections, property assessment, cemetery and road maintenance, and public recreation. The Emergency Services Fund consists of the fire department and ambulance service. Of the \$581,574 in current assets of governmental activities, cash and CD's make up \$412,315. The other current assets consist of delinquent taxes and state revenue sharing receivable and prepaid expenses. The capital assets consist of the township hall and office and fire equipment. The governmental activity's current liabilities consist of services and goods that were received before April 1, 2006, but paid for after March 31, 2006.

The only business activity of the township is a reserve savings of the Sewer Fund. This reserve is dedicated to the improvement and maintenance of the portion of the sewer system used by Campbell Township residents.

## Campbell Township's Change in Net Assets

For the Year ended March 31, 2006

	Governmental Activities	Business-type Activity	Total
Revenue:			
Program revenue:			
Charges for services	\$ 8,107		\$ 8,107
General revenue:			
Property taxes	139,829		139,829
State sources	136,374		136,374
Investment earnings	10,157	2,351	12,508
Other revenue	2,297		2,297
Total revenue	296,764	2,351	299,115
Expenses:			
General government	84,143		84,143
Legislative	7,013		7,013
Public safety	108,051		108,051
Public works	77,114		77,114
Public Parks and Recreation	2,939		2,939
Cemetery	4,430		4,430
Total expenses	283,690	0	283,690
Increase (decrease) in net assets	13,074	2,351	15,425
Net assets -- beginning of year	1,266,210	75,143	1,341,353
Net assets -- end of year	\$ 1,279,284	\$ 77,494	\$ 1,356,778

The change in net assets for the year ended March 31, 2006, was a positive \$15,425. The township charges for certain services that it provides. In the year ended March 31, 2006, the township collected \$8,107 for fire reimbursement, road right-of-way fees from telecom companies, licenses and permits, and sale of cemetery lots.

Except for the cost of road maintenance and emergency services, the cost of general government has been increasing since township officers are being required to perform additional duties. The clerk is required to maintain the Qualified Voter File and hold elections for school districts. The Treasurer is now required to have two tax collections, summer and winter.

During the year, the sewer fund savings earned \$2,351 in interest. This raised the sewer fund reserve from \$75,143 to \$77,494.

**Campbell Township's Capital Assets -- net of depreciation**

	<b>Governmental activities</b>
	<b>Year ended 03/31/2006</b>
Land	136,820
Buildings and improvements	211,563
Machinery and equipment	350,426
<b>Total Assets</b>	<b>698,809</b>

The numbers listed above represent the township's capital assets net of depreciation, but the original costs are much more. The original cost of the building and improvements was \$313,941 and the original cost of the machinery and equipment was \$603,016 -- \$591,086 for fire equipment and \$11,930 for office equipment. The building and improvements consist of the original emergency services building constructed in 1985, addition of the township hall in 1997, a cemetery tool building, and the recently constructed picnic shelter at the township park. The existing fire trucks were purchased for \$444,974 while the fire equipment cost \$146,112 and includes turnout gear, hazmat suits, generators, and two thermal imaging cameras. During the past year a computer was purchased for the treasurer, and a trailer and hose tester were acquired for the fire department.

### **Looking to the Future**

By maintaining an adequate fund balance in our general fund, we should be able to address future needs and contingencies. Several types of emergency might call for the use of this fund balance including road repair and development, drain repair, and lost revenue from state revenue sharing reductions.

Campbell Township is seeing an increase in houses built on gravel and unimproved roads. In the very near future, these roads may require higher maintenance at increased costs. In the areas of highest residential development, the township may be asked to set up special assessment districts and assist residents in the paving of their roads through a cost-share between the township and these residents.

Recent power outages have highlighted a potential emergency problem for the township. Without electrical power, water cannot be pumped for the fire department. If a fire emergency comes at the same time as a major power outage, emergency services may not have sufficient water to contain and put out a fire. Therefore, the township board is considering the purchase of a backup generator for the township building. The backup generator is estimated to cost approximately \$35,000.

A long-term goal of the township board is to improve the township park. The park land was acquired in 1999 and the park has been largely developed through donations including a \$8,000 gift from the Tri-County Conservation Club. Suggested plans for the future include a scoreboard for the ball field, sanitary toilets with running water, tennis courts, basketball courts, a bike path, and a trail through the woods.

We continue to weigh our financial resources against future emergencies and the quality of life of the residents of Campbell Township through careful planning and frugal spending.

**CAMPBELL TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**MARCH 31, 2006**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and deposits	\$ 412,315	\$ 77,494	\$ 489,809
Receivables			
Taxes	7,260		7,260
Accounts Receivable	32,181		32,181
Due from other funds	126,908		126,908
Prepaid expenses	2,910		2,910
Land	136,820		136,820
Capital assets, net of accumulated depreciation	561,989		561,989
<b>Total Assets</b>	<u>1,280,383</u>	<u>77,494</u>	<u>1,357,877</u>
<b>Liabilities</b>			
Accounts payable	<u>1,099</u>		1,099
<b>Total Liabilities</b>	<u>1,099</u>	<u>-</u>	<u>1,099</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	698,809		698,809
Restricted for:			
Sewer improvements		77,494	77,494
Fire equipment	102,050		102,050
Cemetery care	21,685		21,685
Unrestricted	<u>456,740</u>		<u>456,740</u>
<b>Total net assets</b>	<u><u>\$ 1,279,284</u></u>	<u><u>\$ 77,494</u></u>	<u><u>\$ 1,356,778</u></u>

The accompanying notes are an integral part of the financial statements.

**CAMPBELL TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2006**

Functions/ Programs	Expenses	Program Revenues	Net (Expense) Revenues
		Charges for Services	
<b>Primary government</b>			
Governmental activities:			
General government	\$ 84,143	\$ 4,420	\$ (79,723)
Legislative	7,013		\$ (7,013)
Public safety	108,051	2,562	\$ (105,489)
Public works	77,114		\$ (77,114)
Recreation and culture	2,939		\$ (2,939)
Cemetery	4,430	1,125	\$ (3,305)
Total governmental activities	283,690	8,107	(275,583)
Business-type activity:			
Sewer	0	0	0
Total primary government	\$ 283,690	\$ 8,107	\$ (275,583)

(Continued)

The accompanying notes are an integral part of the financial statements.

**CAMPBELL TOWNSHIP**  
**STATEMENT OF ACTIVITIES (CONCLUDED)**  
**FOR THE YEAR ENDED MARCH 31, 2006**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Changes in net assets			
Net (expense) revenue	\$ (275,583)	\$ -	\$ (275,583)
General revenues:			
Property taxes	139,829		139,829
State revenue sharing	136,374		136,374
Investment earnings	10,157	2,351	12,508
Other revenue	2,297		2,297
Total general revenues	288,657	2,351	291,008
Change in net assets	13,074	2,351	15,425
Net assets, beginning of year	1,266,210	75,143	1,341,353
Net assets, end of year	\$ 1,279,284	\$ 77,494	\$ 1,356,778

(Concluded)

The accompanying notes are an integral part of the financial statements.

**CAMPBELL TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2006**

<b>ASSETS</b>	<b>GENERAL FUND</b>	<b>EMERGENCY SERVICES FUND</b>	<b>TOTAL</b>
Cash and deposits	\$ 262,136	\$ 150,179	\$ 412,315
Receivables:			
Taxes	3,020	4,240	7,260
Accounts receivable	32,181	-	32,181
Due from other funds	45,684	81,224	126,908
Prepaid expenses	1,326	1,584	2,910
<b>TOTAL ASSETS</b>	<b>344,347</b>	<b>237,227</b>	<b>581,574</b>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES:**

Accounts payable	166	933	1,099
<b>TOTAL LIABILITIES</b>	<b>166</b>	<b>933</b>	<b>1,099</b>

**FUND BALANCE**

Reserved for fire equipment		102,050	102,050
Reserved for cemetery care	21,685		21,685
Undesignated	322,496	134,244	456,740
<b>Total Fund Balance</b>	<b>344,181</b>	<b>236,294</b>	<b>580,475</b>

**TOTAL LIABILITIES AND  
FUND BALANCE**

<b>\$ 344,347</b>	<b>\$ 237,227</b>	<b>\$ 581,574</b>
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**RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR  
GOVERNMENTAL FUNDS TO NET ASSETS OF THE GOVERNMENTAL  
ACTIVITIES ON THE STATEMENT OF NET ASSETS**

Fund balance -- total governmental funds.....	\$ 580,475
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add -- land.....	136,820
Add -- capital assets.....	916,957
Deduct -- accumulated depreciation.....	(354,968)
Net assets of governmental activities.....	<u>\$ 1,279,284</u>

The accompanying notes are an integral part of the financial statements.



**CAMPBELL TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2006**

	GENERAL FUND	EMERGENCY SERVICES FUND	TOTAL
REVENUES:			
Property taxes	\$ 54,365	\$ 85,464	\$ 139,829
Licenses & permits	950		950
State sources	136,374		136,374
Charges for services	4,595	1,200	5,795
Interest	5,303	4,854	10,157
Other	1,097	2,562	3,659
TOTAL REVENUES	<u>202,684</u>	<u>94,080</u>	<u>296,764</u>
EXPENDITURES:			
General government	77,020	-	77,020
Legislative	5,855	-	5,855
Public safety	-	76,546	76,546
Public works	77,114	-	77,114
Recreation and culture	29,097	-	29,097
Cemetery	4,430	-	4,430
TOTAL EXPENDITURES	<u>193,516</u>	<u>76,546</u>	<u>270,062</u>
REVENUES OVER EXPENDITURES	<u>9,168</u>	<u>17,534</u>	<u>26,702</u>
NET CHANGE IN FUND BALANCES	9,168	17,534	26,702
FUND BALANCE, BEGINNING OF YEAR	<u>335,015</u>	<u>218,758</u>	<u>553,773</u>
FUND BALANCE, END OF YEAR	<u><u>344,183</u></u>	<u><u>236,292</u></u>	<u><u>580,475</u></u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND  
BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES**

Net change in fund balances -- total government funds.....	\$ 26,702
Government funds expense capital outlays in the current year while the Statement of Net Assets allocates them over useful life:	
Add capital outlay.....	31,494
Deduct - depreciation expense.....	(45,122)
Change in net assets of government activities.....	<u><u>\$ 13,074</u></u>

The accompanying notes are an integral part of the financial statements.

**CAMPBELL TOWNSHIP**  
**SEWER ENTERPRISE FUND**  
**MARCH 31, 2006**

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**STATEMENT OF NET ASSETS**

**Assets**

**Current Assets**

Cash and deposits	\$ 77,494
	<u>77,494</u>
<b>Total current assets</b>	<b>77,494</b>

**Net assets**

Restricted	77,494
	<u>77,494</u>
<b>Total net assets</b>	<b>\$ 77,494</b>

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED MARCH 31, 2006**

**Non-operating revenues**

Interest income	\$ 2,351
	<u>2,351</u>

<b>Net Income</b>	<b>2,351</b>
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<b>Net Assets -- Beginning of Year</b>	<b>75,143</b>
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<b>Net Assets -- End of Year</b>	<b>77,494</b>
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The accompanying notes are an integral part of the financial statements.

**CAMPBELL TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**SEWER FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2006**

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**Cash from investing activities**

Interest income	<u>\$ 2,351</u>
<b>Cash and Cash Equivalents -- Beginning of Year</b>	<u>75,143</u>
<b>Cash and Cash Equivalents -- End of Year</b>	<u><u>\$ 77,494</u></u>

**CAMPBELL TOWNSHIP**

**FIDUCIARY FUND**

**TAX AGENCY FUND**

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**STATEMENT OF NET ASSETS**

**MARCH 31, 2006**

**Assets**

Cash in bank	\$	126,908
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**Liabilities**

Due to other funds	\$	126,908
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**STATEMENT OF RECEIPTS AND DISBURSEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2006**

**Receipts**

Tax Collections	\$	1,419,239
Interest and penalty income		405
Total cash receipts		<u>1,419,644</u>

**Disbursements**

Tax payments to government agencies	<u>1,413,876</u>
Total cash disbursements	<u>1,413,876</u>

<b>Total receipts over (under) disbursements</b>	<b>5,768</b>
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Cash balance at the beginning of the year	<u>121,140</u>
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<b>Cash balance at the end of the year</b>	<b>\$ <u>126,908</u></b>
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The accompanying notes are an integral part of the financial statements.

**CAMPBELL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2006**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Campbell Township was organized in April of 1849 under the applicable laws of the State of Michigan. The Township is governed by a Board of Trustees which consists of Supervisor, Clerk, Treasurer, and two Trustees, and provides the following services: public safety (fire, ambulance), road maintenance, drainage, cemetery, public improvements, recreation and parks, and general administrative services.

The financial statements of the Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below:

**The Reporting Entity**

As required by generally accepted accounting principles, these financial statements present a financial report on all funds of Campbell Township.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Campbell Township maintains one business-type fund, a sewer fund reserve. This financial reserve is used for sewer repairs and improvements.

**CAMPBELL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2006**

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for government funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Agency funds follow the accrual basis of accounting and they do not follow a measurement focus because they do not report the results of operations (assets equal liabilities). Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures in the current period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Township. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

**CAMPBELL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2006**

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For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

**Fund Accounting**

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity or net assets, revenues, and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Township reports the following major government funds:

**General Fund** – This fund is the Township’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Emergency Services Fund** – This fund is used to account for operating millage revenues and operating expenses of the Campbell Township Fire Department.

**CAMPBELL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2006**

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Additionally, the Township reports the following fund type:

**Tax Agency Fund** – This fund is used to account for property tax collections from real and personal property owners in Campbell Township, and the fund's disbursements to the applicable government entities and agencies.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance in the Statement of Net Assets and the Statement of Activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Budgets and Budgetary Accounting**

Annual budgets are adopted for the general fund on a basis consistent with generally accepted accounting principles (GAAP). The Township follows these procedures in establishing the budgetary data which is reflected in the financial statements:

1. The budgets are generated with input from various department heads, the township supervisor, clerk, treasurer, and township trustees.



**CAMPBELL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2006**

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2. Public hearings are conducted to obtain taxpayer comments and recommendations. The operating budgets include proposed expenditures and the means of financing them.
3. The budget is legally enacted through the passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
5. Budget appropriations lapse at fiscal year-end.
6. Adoption and amendments of all budgets used by the Township are governed by Public Act 621. Expenditures may not exceed appropriations at the functional level for all funds (the legal level of budgetary control). The appropriations resolutions are based on the projected expenditure budgets by function. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any department must be approved by the Township Board.
7. Budgeted amounts are as originally adopted, or as amended by the Township Board.
8. Encumbrance accounting is not utilized.

**Investments**

Investments are stated at fair value.

**Restricted Assets**

Certain proceeds may be set-aside or restricted for the repayment of debt obligations, a planned capital project, or for any other special purpose. Campbell Township has no restrictions on its net assets.

**CAMPBELL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2006**

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**Due To and Due From Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the governmental funds in the government-wide financial statements. The Township does not currently own infrastructure (roads, tunnels, bridges, etc.) Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on the capital assets of the primary government is computed using the straight-line method over the following estimated useful lives:

	<u>Depreciable Life-Years</u>
Building and structures.....	10 – 40
Furniture and equipment.....	5 – 15
Building and lot improvements.....	15
Trucks and vehicles.....	5 - 20
Machinery and equipment.....	5 – 20

**CAMPBELL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2006**

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**Property Taxes**

Property taxes for the Township are attached as an enforceable lien on property as of December 1 of each year. The December 1 levy is recorded as revenue during the current fiscal year, and is intended to fund expenditures of the current year. Taxes are levied December 1 and are due without penalty on or before February 14. These winter tax bills include the Township's own property taxes and taxes billed on behalf of the school districts and other entities in Ionia County; summer taxes are collected for the school districts and the County of Ionia. Real property taxes not collected are returned to the County for collection, which advances the Township 100% for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

**Fund Equity**

In the fund statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent restricted net assets equal to restricted assets less related liabilities. Campbell Township has a \$21,685 reservation of its general fund for cemetery care and a \$102,050 reservation of its emergency services fund for fire equipment.

**Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2006, the Township was covered by a liability and property insurance policy in the Michigan Township Participating Plan through Liberty Group of Kalamazoo, Michigan.

The insurance limitations are: Property, \$854,300; Liability, \$3,000,000; Wrongful acts, \$2,000,000; and Automobile, \$1,000,000. In addition, the Township has additional coverage for inland marine, crime coverage, and township building heating system.

**CAMPBELL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2006**

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**2. CASH DEPOSITS AND INVESTMENTS**

The cash and deposits, investments and restricted assets for the Township and its component unit are as follows:

Deposits:

	Governmental Funds	Sewer Fund	Tax Agency Fund	Total
Checking/Savings accounts	\$217,805	\$0	\$126,908	\$344,713
Investments	194,510	77,494	0	272,004
<b>TOTAL</b>	<b>\$412,315</b>	<b>\$77,494</b>	<b>\$126,908</b>	<b>\$616,717</b>

The carrying amount of the Township's deposits at March 31, 2006, is \$616,717. Of these deposits, \$100,000 is insured by the Federal Deposit Insurance Corporation. In accordance with the State of Michigan policy limits, these deposits are all deposited in Michigan banks. All accounts are in the name of the Township and a specific fund or common account. They are recorded in the Township records at fair value.

**Statutory Authority**

State statutes authorize the Township to invest in:

1. Bond securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services that matures not more than 270 days after date of purchase.

**CAMPBELL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2006**

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4. Obligations of the State of Michigan or its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
5. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
6. External investment pools as authorized by Public Act 20 as amended through December 21, 1997.

Township investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Township's name. Investments held by the Township are reported at fair value.

All deposit accounts of Campbell Township are in Category 1, registered and insured and are listed as follows:

Depository	Account	Amount @ 03/31/06
General Fund:		
United Bank	Checking Account	167,386
United Bank	Park Development Savings Account	3,208
-	Petty Cash	200
United Bank	Certificates of deposit	91,342

# CAMPBELL TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2006

Depository	Account	Amount @ 03/31/06
Emergency Services:		
United Bank	Checking account	39,514
United Bank	Savings account	7,497
United Bank	Certificates of deposit	103,168
 Sewer Fund:		
United Bank	Certificates of deposit	77,494
 Tax Agency Fund:		
United Bank	Checking account	126,908
<hr/> TOTAL DEPOSITED FUNDS <hr/>		<hr/> 616,717 <hr/>

### 3. CAPITAL ASSETS

A summary of changing in Capital Assets follows:

	Balance April 1, 2005	Additions	Disposals	Balance March 31, 2006
Governmental activities:				
Capital assets, not being depreciated:				
Land	136,820	0	0	136,820
Capital assets being depreciated:				
Buildings and improvements	287,452	26,489	0	313,941
Office furniture and equipment	10,182	1,748	0	11,930
Fire fighting equipment	587,829	3,257	0	591,086
	885,463	31,494	0	916,957
Less accumulated depreciation for:				
Buildings and improvements	94,229	8,149	0	102,378
Office furniture and equipment	3,842	2,211	0	6,053
Fire fighting equipment	211,775	34,762	0	246,537
	309,846	45,122	0	354,968
 Total capital assets, being depreciated net:	575,617			561,989
 Governmental activities capital assets net:	712,437			698,809

**CAMPBELL TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2006**

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Depreciation expense was charged to functions/programs of the general government as follows:

Township board.....	\$ 1,158
Township buildings.....	8,149
Township officers.....	\$ 1,053
Fire Fighting Equipment.....	<u>34,762</u>
Total depreciation.....	\$ 45,122

**4. LITIGATION**

In the normal course of its activities, the Township has become a party in various legal actions, including property tax assessment appeals. Management of the Township is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Township and, therefore, has not reflected loss reserves in the financial statements.

**5. DUE FROM (TO) OTHER FUNDS**

Amounts due from (to) other funds representing interfund receivable and payable balances at March 31, 2006, are detailed as follows:

	<u>Due from</u>	<u>Due to</u>
General Fund	-	\$ 45,684
Emergency Services Fund		81,224
Tax Agency Fund	\$ 126,908	

“Due to” and “due from” balances represent amounts in the tax-agency fund which may be transferred into the general fund and emergency services fund.

**CAMPBELL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2006**

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**6. PRIOR PERIOD ADJUSTMENTS**

The Township's net assets for the year ended March 31, 2005, have been adjusted for pre-pays, receivables, accrued liabilities, and fixed assets not previously recognized for the year ended March 31, 2005. The chart below details these changes:

Net Assets, original @ March 31, 2005.....		\$ 1,077,411
Additions:		
Cash and investments.....	\$ 574	
Buildings & improvements.....	-42,838	
Firefighting equipment.....	228,476	
Prepaid expenses.....	<u>3,034</u>	
		189,246
Decreases:		
Accrued liabilities.....	<u>447</u>	
		<u>447</u>
Net Assets, adjusted @ March 31, 2005.....		\$ 1,266,210



## **Required Supplementary Information**

## **GENERAL FUND**

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The General Fund is used to account for government resources that are not required legally or by sound financial management to be recorded in another fund. Revenues in this fund are derived primarily from general property taxes, fees for services, interest, state shared revenues, grants, and intergovernmental revenues. General operating expenditures of the Township are accounted for in this fund, including Township Administration, Public Safety, Public Works, Parks and Recreation, and Cemetery.

The legal level of budgetary control of the General Fund is at the activity level, as reflected on the following Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual.

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**CAMPBELL TOWNSHIP**

**STATEMENT OF REVENUES, EXPEDITURES, AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL**

**FOR THE YEAR ENDED MARCH 31, 2006**

	BUDGETED AMOUNTS			VARIANCE WITH FINAL POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Property taxes				
Current property taxes	50,400	50,400	50,464	64
Delinquent property taxes	3,900	3,900	3,901	1
Total taxes	54,300	54,300	54,365	65
State sources				
State revenue sharing	135,235	135,235	136,374	1,139
Charges for services:				
Telecom	360	360	3,470	3,110
Licenses/permits	950	950	950	0
Cemetery lot sales	1,125	1,125	1,125	0
Total fee revenue	2,435	2,435	5,545	3,110
Investment revenue:				
Interest earnings	5,275	5,275	5,303	28
Other revenue				
Refunds and rebates	670	670	1,077	407
Gifts and donations	0	0	20	20
	670	670	1,097	427
TOTAL REVENUES	197,915	197,915	202,684	4,769

	BUDGETED AMOUNTS			VARIANCE WITH FINAL POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES				
General government				
Supervisor	8,500	8,500	7,607	893
Elections	2,000	2,000	671	1,329
Assessor	14,000	14,000	12,984	1,016
Clerk	16,000	16,000	14,314	1,686
Board of review	2,000	2,000	738	1,262
Treasurer	18,700	18,700	18,962	(262)
Townhall	27,500	27,500	15,211	12,289
Audit & legal	3,500	4,300	3,500	800
Payroll taxes	3,500	3,500	3,033	467
Total general government	95,700	96,500	77,020	19,480
Legislative	15,900	15,900	5,855	10,045
Public works				
Roads	100,000	100,000	72,550	27,450
Drains	4,564	4,564	4,564	0
Total Public Works	104,564	104,564	77,114	27,450
Recreation and Culture				
Township park	46,274	46,274	29,097	17,177
Cemetery	7,000	7,000	4,430	2,570
TOTAL EXPENDITURES	269,438	270,238	193,516	76,722
REVENUES OVER (UNDER)				
EXPENDITURES	(71,523)	(72,323)	9,168	81,491
NET CHANGE IN FUND BALANCES	(71,523)	(72,323)	9,168	81,491
FUND BALANCE, BEGINNING OF YEAR	335,014	335,014	335,015	-
FUND BALANCE, END OF YEAR	263,491	262,691	344,183	-

## **MAJOR FUND**

### **SPECIAL REVENUE FUND**

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Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Emergency Services Fund – This fund is used to account for revenues and expenses of the Campbell Township Fire Department.

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**CAMPBELL TOWNSHIP**

**EMERGENCY SERVICES FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

**FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Property taxes	96,800	96,800	85,464	(11,336)
Sale of equipment	-	-	1,200	1,200
Interest income	4,680	4,680	4,854	\$ 174
Refunds and reimbursements	-	-	2,562	2,562
Total revenues	<u>101,480</u>	<u>101,480</u>	<u>94,080</u>	<u>(7,400)</u>
EXPENDITURES:				
Personnel and training	7,550	7,550	7,365	185
Equipment and supplies	43,200	43,200	41,883	1,317
Building maintenance	16,675	16,675	16,083	592
Ambulance	<u>11,300</u>	<u>11,300</u>	<u>11,215</u>	<u>85</u>
Total expenditures	<u>78,725</u>	<u>78,725</u>	<u>76,546</u>	<u>2,179</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>22,755</u>	<u>22,755</u>	<u>17,534</u>	<u>(5,221)</u>
NET CHANGE IN FUND BALANCES	<u>22,755</u>	<u>22,755</u>	<u>17,534</u>	<u>(5,221)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>218,758</u>	<u>218,758</u>	<u>218,758</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>241,513</u></u>	<u><u>241,513</u></u>	<u><u>236,292</u></u>	<u><u>-</u></u>

**Lawrence Tiejema, PC**

**Certified Public Accountant**

1187 Hawley Highway

Saranac, MI 48881

Phone: 616-642-0384

Fax: 616-642-0610

Email: [tiej@iserv.net](mailto:tiej@iserv.net)

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

August 31, 2006

The Township Board  
Campbell Township  
Ionia County, Michigan

I have audited the financial statements of the governmental activities, business-type activity, and the aggregate remaining fund information of the Township of Campbell, State of Michigan, as of and for the year ended March 31, 2006, which collectively comprise Campbell Township's basic financial statements and have issued a report thereon dated August 31, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

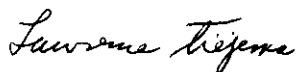
In planning and performing my audit, I considered Campbell Township's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Campbell Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the township board officers, bond and credit holders, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Lawrence Tiejema, PC.

August 31, 2006



**Lawrence Tiejema, PC**

Certified Public Accountant

1187 Hawley Highway

Saranac, MI 48881

Phone: 616-642-0384

Fax: 616-642-0610

Email: [tiej@iserv.net](mailto:tiej@iserv.net)

September 26, 2006

Campbell Township Board  
331 South Main Street  
Clarksville, MI 48815

To the Board of Campbell Township:

You may refer to my report on internal control over financial reporting and compliance with laws and established accounting procedures. The letter states that I noted no matters involving internal control of financial reporting that would be considered material weaknesses. The following comments are not made to express an opinion on internal control but to point out some controls and procedures that are serving Campbell Township well.

- (1) The clerk and treasurer periodically reconcile their records to make sure that the financial records of the township are in agreement with the records in the bank statements.
- (2) The treasurer reconciles all bank accounts on a monthly basis and keeps excellent records of certificate of deposits.
- (3) The treasurer and clerk keep the board periodically informed through financial statements that enable all members of the township board to review budget to actual for each account.

In addition, I noted two issues regarding Emergency Services expenditures that could be addressed.

- (1) Several expenditures of the emergency services fund did not clearly fit into a certain expenditure account. For example, "agency" expenditures covered a variety of situations. This could be improved by putting "general" supplies items into a specific category and putting "agency" expenditures in accounts that describe their purpose.

- (2) Periodically, fire departments secure donations and grants that are used to purchase fire equipment. The purchased equipment becomes the property of the Township and must be reported in the Statement of Net Assets required by GASB 34. In response to this reporting requirement, the Township should keep a file containing copies of documents that report the value of the equipment purchased through grants and donations.

If you have any questions regarding these comments and suggestions, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Larry Tiejema".

Larry Tiejema, CPA